

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 ITC-01 AGRE-00 PA-01 ICAE-00 L-03
SS-15 NSC-05 /080 W
-----068256 271927Z /14

R 261738Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8075
INFO ALL EC CAPITALS
AMEMBASSY BELGRADE

C O N F I D E N T I A L BRUSSELS 14548

USEEC

E.O. 11652: GDS
TAGS: EEC, EINT, YU
SUBJECT: EC FOREIGN MINISTERS COUNCIL, JULY 25: YUGOSLAVIA

REF: (A) BRUSSELS 14241; (B) BRUSSELS 14240

1. THE EC FOREIGN MINISTERS COUNCIL, HAVING HEARD AN INTERIM REPORT FROM COMMISSION VICE PRESIDENT HAFERKAMP ON THE PROGRESS OF NEGOTIATIONS ON A NEW COOPERATION AGREEMENT WITH YUGOSLAVIA ALONG THE LINES OF REF B, ESTABLISHED A TIMETABLE TO SPEED UP ATTEMPTS TO REACH AN OVERALL AGREEMENT WITH YUGOSLAVIA. THE COMMISSION IS TO PREPARE DETAILED AMENDMENTS TO ITS PREVIOUS NEGOTIATING GUIDELINES IN THREE AREAS: FINANCIAL COOPERATION, COMMERCE (TARIFF AND AGRICULTURAL PROGRAMS) AND SOCIAL PROBLEMS. COREPER WILL CONSIDER THE NEW PROPOSALS IN SEPTEMBER AND PASS THEM ON TO THE COUNCIL IN OCTOBER. THE MINISTERS EXPRESSED THE HOPE THAT NEGOTIATIONS COULD BE CONCLUDED BY THE END OF THIS YEAR.

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2. COUNCIL PRESIDENT GENSCHER, IN HIS PRESS CONFERENCE AFTER THE COUNCIL, AND A COMMISSION SPOKESMAN, BOTH EMPHASIZED THE POLITICAL IMPORTANCE OF COMING TO A SPEEDY CONCLUSION OF THE TALKS WITH YUGOSLAVIA. GENSCHER SAID THAT THE COUNCIL'S DISCUSSION OF HAFERKAMP'S REPORT WAS GENERAL AND NOT SPECIFIC BUT, SPEAKING AS

GERMAN FOREIGN MINISTER RATHER THAN COUNCIL PRESIDENT, HE EXPRESSED DISMAY THAT THE DECISION ON THE NEW NEGOTIATING MANDATE HAD BEEN POSTPONED TO OCTOBER RATHER THAN SEPTEMBER. FRENCH SECRETARY OF STATE STIRN, SPEAKING ON BACKGROUND FOR THE FRENCH PRESS, SAID FRANCE ALSO WANTED TO SPEED UP NEGOTIATIONS BUT WANTED THEM CONDUCTED OPENLY AND HOPED THAT THE COMMISSION WOULD TAKE BELGRADE'S POLITICAL CONCERNS INTO ACCOUNT.

3. DANISH PERM REP TOLD MISSION OFFICER THAT FOLLOWING HAFERKAMP PRESENTATION, COUNCIL WAS UNANIMOUS THAT FOR POLITICAL REASONS, EC MUST IMPROVE ITS NEGOTIATING MANDATE TO TAKE ACCOUNT OF SOME OF YUGOSLAVIA'S CONCERNS. HE SAID, HOWEVER, THAT SOME MINISTERS EXPRESSED RESERVATIONS ABOUT GRANTING YUGOSLAVIA SIGNIFICANT TRADE PREFERENCES PURSUANT TO THE EC'S GLOBAL MEDITERRANEAN POLICY. BRITISH FOREIGN MINISTER OWEN AND FRENCH STATE SECRETARY STIRN EXPRESSED BELIEF THAT FOLLOWING THIS ROUTE MIGHT CONTRAVENE GATT OBLIGATIONS. DANISH PERM REP THOUGHT THIS FORMULATION THINLY MASKED REAL BRITISH AND FRENCH CONCERNS, HOWEVER. DANE THOUGHT THAT BETWEEN LINES OF OWEN COMMENTS WAS BRITISH CONCERN ABOUT COMPETITION FROM YUGOSLAV PRODUCTS; FRENCH, ON OTHER HAND, HAVE NOT YET MADE UP MINDS WHETHER

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BENEFITS OF GLOBAL MEDITERRANEAN POLICY, ORIGINALLY DESIGNED TO PROVIDE CONCESSIONS AND ECONOMIC ASSISTANCE FOR, INTER ALIA, SEVERAL COUNTRIES IN FORMER FRENCH COLONIAL EMPIRE, SHOULD BE EXTENDED TO A COUNTRY WHICH HAS NO HISTORY OF INTIMATE TIES TO EC MEMBER STATES.

4. DANE SAID THAT GERMANS WERE PREDICTABLY OUTSPOKEN ON POLITICAL IMPORTANCE OF DOING SOMETHING FOR YUGOSLAVIA. FRG IS NOT TROUBLED BY TRADE CONCESSIONS, BUT IS STILL WORRIED BY COMMISSION ARGUMENT THAT EC SHOULD MAKE CONCESSIONS ON YUGOSLAV WORKERS AND WORKER BENEFITS. FRG AGREES IN PRINCIPLE TO INCREASED FINANCIAL ASSISTANCE FOR YUGOSLAVIA, BUT WORRIES ABOUT THE AMOUNT, SINCE THE GERMANS WILL LIKELY BE THE ONES TO PAY.

5. ACCORDING TO DANE, ITALY FAVORS BROAD COMMUNITY CONCESSIONS TO YUGOSLAVIA, INCLUDING TRADE PREFERENCES, PROVIDED LATTER ARE NOT ON PRODUCTS COMPETITIVE WITH ITALIAN PRODUCTS.

6. DANISH PERM REP NOTED THAT FOR POLITICAL REASONS HIS GOVERNMENT BELIEVES COMMUNITY SHOULD OFFER YUGOSLAVIA SIGNIFICANT FINANCIAL ASSISTANCE AND EXTENSIVE TRADE PREFERENCES CONSISTENT WITH

GLOBAL MEDITERRANEAN POLICY. WHILE ACKNOWLEDGING
THAT THE INTERNAL EC DEBATE ON TRADE PREFERENCES OVER
THE NEXT COUPLE OF MONTHS IS LIKELY TO BE SPIRITED, HE
SPECULATED THAT IN THE END, BRITISH AND FRENCH WILL
BE BROUGHT AROUND AND SIGNIFICANT PREFERENCES
WILL BE CONCEDED. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, INDUSTRY, RELATIONS WITH REGIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE14548
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780308-0948
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780716/aaaaanel.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1445d76b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 14241, 78 BRUSSELS 14240
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1872543
Secure: OPEN
Status: NATIVE
Subject: EC FOREIGN MINISTERS COUNCIL, JULY 25: YUGOSLAVIA
TAGS: EIND, PGOV, YO, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1445d76b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014